RENT REGULATION: SKETCHES OF VARIOUS SCHEMES

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PREFACE

This paper, as its title suggests, attempts to sketch out the legislative and administrative lines upon which a number of rent regulation systems have been based. Measures in the United Kingdom, the United States, and Canada are included in the paper's purview. To extend consideration to various systems on the Continent might have been useful - just almost every European country has a form of rent regulation - however, a lack of up-to-date information prevented this.

Readers will notice that we make little or no attempt to assess the effectiveness of different forms of rent regulation in achieving their objectives. For this we are sorry as it is a job that would be of great benefit to persons charged with housing policy responsibilities. Nevertheless, given the time constraints within which we put together this paper, the complexity of evaluating the impact of even one rent regulation scheme, and the controversy that has surrounded the application of these measures, we believe that we would have been foolhardy to attempt this task. No doubt, those present at the seminar for which the paper has been prepared will not be reluctant to make their views known.

CHAPTER 1 UNITED KINGDOM

1.1 Rent controls were first introduced in Britain in 1915. In response to a housing shortage brought about by the Great War, Parliament passed the Rent and Mortgage Interest Restriction Act, 1915, which fixed rents, provided security against eviction - besides halting rising mortgage interest rates. Ever since, most residential rents have been subject to some form of control; although between the wars, there were attempts to decontrol the more attractive portions of the rented housing stock.

1.2 In the mid-1950's, there were renewed demands for reform of rent control legislation, partly precipitated by a pronounced movement of houses into the owner occupied sector and problems associated with poor maintenance in the controlled stock. The Rent Act 1957 freed a portion of the better privately owned dwellings (those with a rateable value of over £30, or £40 in London or Scotland) from rent control, and also permitted controlled rents to rise slightly to a new ceiling related to gross value and the extent of the landlord's responsibilities for repairs.

1.3 However, the 1957 Act was apparently unsuccessful in stemming the switch from renting to owner occupation or encouraging more investment in rented housing. Also, as dwellings now became decontrolled once the landlord gained vacant possession, this produced some intimidation from landlords (known as Rachmanism) in areas of extreme housing shortage. Another statute was passed in 1958 to protect sitting tenants from various forms of harrassment.

1.4 In 1965, an important new Rent Act was passed. It did away with the former rigid type of rent control in that it sought to regulate "fair rents" in situations where a landlord and tenant could not reach agreement on their own. A "fair rent" was basically considered to be the revenue that

a landlord would derive from a dwelling if the scarcity value in areas of housing shortage could be disregarded. A good descriptive summary of the general provisions of the 1965 Rent Act appeared in a recent British publication as follows:

a) The security of tenure granted by earlier Acts was extended to every tenancy of a dwelling house of up to £400 rateable value in Greater London or £200 in the rest of Great Britain on 23rd March, 1965, or, in the case of a new dwelling house, as soon as it first appeared in the valuation list. Unfurnished tenancies newly brought within the provisions for rent control by the Act are known as 'regulated tenancies'.

b) A new machinery was set up for reviewing the rents of unfurnished regulated tenancies. Rent officers were appointed by counties, county boroughs, London boroughs and the City of London in England and Wales, and by Government itself in Scotland. Their task is to bring together landlord and tenant where they cannot reach agreement about the rent, and to register a 'fair rent' for the property. An appeal lies from the rent officers to a rent assessment committee, of which the personnel are chosen by the Minister. The Committee then fix a 'fair rent' from which there is no appeal except on a point of law. The rent is registered and cannot be altered for a period of three years, except on a change of circumstances or on special grounds.

c) The Act nowhere defines a 'fair rent'. In determining a fair rent the rent officer and the rent assessment committee are to have regard to all the circumstances (except personal circumstances of the landlord and the tenant) and in particular to the age, character and locality of the dwelling and to its state of repair. Any scarcity value will not be taken into account. The fair rent covers all the payments made by the tenant to the landlord for the use of the dwelling apart from rates.

d) Tenancies already controlled under the earlier Rent Acts continue to have their rents determined according to the provisions of the Rent Act, 1957. These are called 'existing controlled tenancies'. When they fall vacant, the tenancies which will be created if the properties are relet will become 'regulated' tenancies, and a new 'fair rent' (usually higher than the controlled rent) will be fixed.

e) Where the Minister is satisfied that every part of an area no longer needs the protection of rent regulation above a certain rateable value, he may release from regulation any dwelling house he feels need no longer be regulated.

f) It was made a criminal offence to evict a tenant whose tenancy has come to an end otherwise than by a court order.

g) It was made a criminal offence to harass a tenant with the intention of driving him out or deterring him from exercising his rights as a tenant. Local authorities have power to prosecute for such offences.

1.5 During the remainder of the 1960's, the two types of rent restriction - "controlled" (1957 Act) and "regulated" (1965 Act) tenancies - continued to exist in the United Kingdom, and the flow of "controlled" dwellings into the "regulated" sector was further encouraged by the 1969 Housing Act which provided that landlords who added standard amenities (i.e., bath, wash basin, sink, toilet, hot water) to "controlled" houses might apply to have the accommodation shifted into the "regulated" sector by asking the local rent officer to fix a fair (and invariably higher) rent.

1.6 In 1971, a committee established to examine the workings of the 1965 Rent Act reported. The Francis Committee report, among other things, included proposals for bringing controlled rents within the fair rent system, beginning with those properties with the highest rateable value. It suggested that rent increases be phased over two to three years. There were also a series of recommendations aimed at increasing investment in rented housing by seeing that fewer properties came under the fair rent procedure. Many of the recommendations made in the Francis Report were incorporated in a White Paper, Fair Deal for Housing, issued by the government in 1971, the thrust of which was implemented in the Housing Finance Act, 1972.

1.7 The Housing Finance Act, 1972, which came into force on August 10, 1972 contained a radically new housing subsidy system as well as important rent policy provisions.

1.8 The new housing subsidy system is complex (there are nine new subsidy programs) but it basically represents a shift to concentrating public housing subsidies from the central government on those tenants and municipalities that require assistance the most - rather than simply subsidizing all municipal public housing as was the case in the past. But, what is important from the point of view of rent policy is that the Housing Finance Act, 1972 provides a national scheme of rent allowance for tenants in private housing. In the past, occupancy of public housing housing was required in order to be eligible for a housing subsidy; although social welfare schemes in fact provided significant shelter allowances to private tenants.

1.9 The rent allowance program for private tenants provides that tenants will pay a minimum rent of 40 per cent of their income or £1 a week, whichever is higher, if their and their spouse's income exceeds a defined needs allowance. For every £1 by which their income exceeds the needs allowance, tenants will pay an extra 17 pence towards their rent. And for every £1 by which their income is less than the needs allowance, the minimum rent will be reduced by 25 pence until the tenant is not required to pay any rent.

1.10 As implementation of the rent allowance for private tenants goes forward, arguments for rent restraint that allude to preventing hardships on poor tenants will have much less force. The Housing Finance Act, 1972 therefore provides that all dwellings still subject to rent control should be phased into the fair rent sector by 1975. What is more, the Act requires that rents in all municipal public housing should be fixed on a fair rent basis. This will result in generally higher public housing rents and is being fought by a number of municipal councils, although the Act contains a rent rebate program to assist low income public housing tenants.

1.11 As things now stand, rents in practically all public and private rented housing in the United Kingdom, except luxury and superior dwellings, will for the first time be fixed according to the same principles; and all tenants will be eligible for a rent allowance if they require it. There is, however, one important exception in the move to a more comprehensive housing policy: the treatment of furnished accommodation.

1.12 Neither rent control nor rent regulation applies to furnished accommodation; although tenants who are unhappy about their rents may apply to a local rent tribunal to have them fixed. But the difficulty is that furnished tenants have not been provided with security of tenure. They are protected from eviction on account of complaining about their rent; but it is possible for a landlord to secure vacant possession by giving proper notice and applying for a court order. The consequence of this situation has been for many landlords to let their accommodation in a nominally furnished state - and thus avoid the regulation that pertains in the unfurnished rented stock. The government has indicated that it plans eventually to provide furnished tenants with rent allowances, but not security of tenure.

CHAPTER 2 UNITED STATES

Like in Canada, federal restrictions on rents were enforced all over the United States in World War II. These, however, were not seen as specific measures to control evils in the housing market, but rather part of a comprehensive attempt to rationalize demand pressures brought about by the channelling of productive resources into the war effort. Once the war was over, and the house building industry unleashed to meet the demand for accommodation that had backed up during the war, federal rent controls were abolished and few state or local jurisdictions chose to maintain them.

Actually, during the last two decades, rent control has only been enforced in New York City. However, there appears to be increasing interest in restraints on rent. Massachusetts has enacted rent regulation measures of its own, and the whole country has once again been placed under rent regulation as part of the current Economic Stabilization Program.

New York

2.1 New York City is the only U.S. jurisdiction in which rent control dates back to World War II. The state government provided the legislation; but it was only implemented in the City of New York, where it applied generally to housing built prior to May 1951. Later in 1962, the New York State assembly devolved its rent control powers to New York City for accommodation in the five boroughs. Since then, there has been a hesitant move towards diminishing the scope of the rent control. For example, rents in housing built after 1947 were for a period exempted from control. The rent control scheme that is described here is the one that was generally in effect during most of the 1950's and 1960's; although the reader is warned that because the scheme is terribly complicated, our résumé almost certainly represents an over-simplification.

2.2 Broadly speaking, rent controls have applied to:

1) accommodation constructed before May 1, 1951 (excluding government premises);
2) housing built with the aid of New York City government loans;
3) accommodation subject to municipal tax exemption or abatement since April 30, 1962;
4) Premises which would otherwise be excluded, but which had: i) become inhabited by other than a single family; ii) become certified as a fire hazard or dangerous by a city agency; iii) become used for gaining profit when they were previously excluded due to their non-profit or charitable status; iv) were occupied by the same tenant who had occupied the premises since controls were applicable.

2.3 In addition to dwellings built after May 1, 1951, some other categories of dwellings have been exempted from rent control. They include properties with a historic high rent in relation to the size of the premises, dwellings constructed before May 1, 1951 but not used at the time for residential purposes, one-or two-dwelling units premises that became vacant since April 1, 1953, apartment accommodation for large families built on the site of previously controlled dwellings, premises transferred to the commercial market, and dwellings sold for owner occupation (providing the sitting tenants left voluntarily).

2.4 In the 1960's, rents in controlled properties were set by an administrator. All landlords of controlled properties needed to apply to the Office of Rent Control before an increased rent could be set above a base rent, which was generally the rent which existed on April 30, 1962. Grounds for a rent increase included:

1) increased services or facilities, substantial rehabilitation, or capital improvements;

2) a voluntary lease agreement providing for a rent increase not exceeding 15 per cent over a two-year period;
3) an increase in the number of sub-tenants or occupants;
4) an upward revision to assure the landlord an annual net return on his investment of not less than 6 per cent;
5) an equalization adjustment to provide that the property's rental income is at least 32.25 per cent higher than that charged on March 1, 1943; and
6) an increase in labour costs (permitting an annual rent increase not exceeding $2\frac{1}{2}$ per cent).

2.5 Decreases in rent were granted on application for:

1) a reduction in services;
2) the existence of hazardous conditions;
3) inequitable rents in rooming houses or single room occupancy; or
4) where the base rent was judged to be considerably higher than that for comparable housing.

In lieu of granting a decrease in rent, the rent administrator might place a portion of the rent into an escrow account until certain services were restored or hazards rectified.

2.6 In 1969, the New York City council enacted the Rent Stabilization Law which has had the effect of regulating rents in a much broader range of accommodation than covered by the strict rent control. There has been considerable discussion about phasing out the more rigid type of control; however, this has been curtailed during the current prices and incomes program in the United States - which has had the effect of placing rent controls on most U.S. rented housing. The Price Commission, the national regulatory agency, has left rent policies for housing already under rent control to local agencies - providing that the agencies furnish reports on a quarterly basis to the Price Commission.

Massachusetts

2.7 On August 31, 1970, concern about soaring rents prompted the State of Massachusetts legislature to pass enabling legislation that permitted local municipalities to establish rent control. The language of the bill specifically stated that the legislation was in response to a severe shortage of housing accommodation for rent and was to be considered of an emergency nature.

2.8 The Massachusetts legislation set a base rent for each dwelling as being the rent in force six months prior to the inauguration of the rent control by a municipality. Rents can be adjusted upwards or downwards in relation to one major consideration: assurance of a fair net operating income from controlled units. The local rent control boards are directed to take into consideration all the factors that affect landlords' incomes and establish schedules for "standard increases or decreases for improvement or deterioration in specific services and facilities".

2.9 The Massachusetts law exempts from control certain categories of dwellings:

1) those used by transients;
2) those owned by a public institution;
3) those used for educational or non-profit purposes;
4) those that are part of a two- or three-unit building in which the owner also resides; or
5) co-operatives.

2.10 Municipal rent control administrations, which are charged with running the scheme, have the power of superior courts to call for documents from the landlord and summon witnesses or assign penalties and costs. Municipalities are also permitted to decontrol certain classes of premises when the demand for that type of unit has been sufficiently met within the municipality. But any such decontrol may be rescinded once the municipality determines control is required again.

2.11 The law states that a landlord may evict a tenant from rent control accommodation for "just cause, provided that his purpose is not in conflict with the provisions and purposes of this act"; but the eviction must be approved by the municipal rent control commission. Rent increases may be refused when a landlord has not kept his premises in line with safety, building, or sanitation standards. Tenants are also empowered to pay rent into escrow accounts in order to oblige landlords to carry out repairs and improvements.

2.12 Brookline, a suburb of Boston, was the first municipality in Massachusetts to implement the state rent control legislation. The municipality had previously established a form of rent control in 1969; however, this was overturned by the State Supreme Court for reasons of ultra vires. A special act of the State Assembly also allowed Brookline to include owner occupied two-and three-dwelling buildings under the rent control measures; this was later challenged in the Supreme Court, but the challenge was revoked when the municipality agreed to adopt certain refinements.

2.13 In Brookline, a request for a rent to be fixed by the municipal rent board can be made by a landlord, tenant, or an officer of the board itself. The rent board has determined that a rent adjustment will only be considered if there has been, since March 1970:

1) an increase or decrease in property taxes;
2) an unavoidable increase or decrease in maintenance costs;
3) major capital improvements;
4) an increase in living space, services, furnishings, or equipment;
5) substantial deterioration of the housing unit, excepting normal wear and tear; or
6) a failure to perform ordinary repair, replacement, or maintenance.

If the rent is already above the level of March 1970, a downward adjustment might be granted if "the rents for any particular housing accommodation produced an income that will yield a return, after all reasonable operating expenses, on the fair market value of the property are greater than the debt service interest rate generally available from institutional first mortgage lenders". The local recommendations specifically state, "The Board shall presume that rents for housing accommodation in the Town in effect in March 1970 were established at levels which yielded to owners a fair net operating income for such units".

2.14 By mid-1972, the Massachusetts rent control legislation had also been implemented in Cambridge, Boston, and Somerville.

Economic Stabilization Program

2.15 In 1971, President Richard Nixon initiated a new economic policy in the United States directed at stemming the rise in prices, creating new jobs and protecting the integrity of the American dollar. During Phase I of the Economic Stabilization Program, August 15 - November 15, 1971, all prices in the country (including rents) were frozen; and the Price Commission was appointed to make specific recommendations for combatting inflation on an intermediate term basis. Later, the Rent Advisory Board, with representatives from financial interests, landlords, and tenants was appointed to make specific recommendations to the Price Commission concerning residential rents. Enforcement of the Price Commission's regulations has rested with the Internal Revenue Service.

2.16 During Phase II of the Economic Stabilization Program, which commenced November 14, 1971, rent increases have been controlled for all dwellings in the United States with the exception of:

1) industrial, farm, non-residential commercial property;
2) new construction offered for rent for the first time after August 15, 1971;
3) rehabilitated dwellings... rented for the first time after August 15, 1971;
4) single family dwellings rented on a greater than month-to-month lease where the owner owns no more than four such dwellings;
5) owner occupied rented dwellings of four units or less rented on longer than a month-to-month lease;
6) units renting for $500 a month or more.

2.17 Under Phase II, which became effective December 29, 1971, a base rent must be determined for each dwelling. The base rent for a unit, subject to a month-to-month lease, is the last rent paid before the unit became subject to the rent freeze; or on a longer term lease the base rent is the rent paid on August 14, 1971. If occupancy was before May 15, 1971, the base rent is the rent under that lease plus the average per cent rent increase charged by the landlord for other units having new leases signed between May 16, 1971 and August 14, 1971.

2.18 Rent increases in Phase II are allowable as follows: the landlord may pass on increases in state and local property taxes, government fees and levies, and municipal service charges. He may also automatically add an annual increase of 2.5 per cent to cover increased operating costs (labour, electricity, gas, interest, etc.). Rents may be increased to take account of the cost of capital improvements made after August 15, 1971, but the monthly rent increase cannot be greater than 1.5 per cent of the cost of the improvements.

2.19 In revised rent control regulations effective July 5, 1972, non-recurring payments such as security deposits became subject to control, decreases in facilities or services became subject to corresponding rent decreases, and retaliatory actions by landlords against tenants asking or complaining about a rent increase became illegal.

2.20 Price Commission's chairman C. Jackson Grayson, Jr., claims that rent increases in the United States as a whole declined noticeably under the Economic Stabilization Program. In the first quarter of 1972, rents increased at an annual rate of 2.8 per cent compared with 4.8 per cent in the 12 months preceding the freeze.

CHAPTER 3 CANADA

Federal Wartime Measures

3.1 Rent controls were first introduced in Canada during the early days of World War II. They were the federal government's reaction to a vast upsurge in housing demand created by the influx of workers into war industry centres. Order in Council P.C. 4616, dated September 11, 1940, extended the power of the Wartime Prices and Trade Board to include control over rented housing accommodation. The Board commenced a policy of selective controls on September 24, 1940, by ordering that rents for dwelling units in 15 localities across Canada should not exceed the level in effect on January 2, 1940.

3.2 The next year, Order in Council P.C. 9029, dated November 21, 1941, abolished selective controls and brought all real property, other than farmland, under the jurisdiction of the Wartime Prices and Trade Board. The Board ordered, effective December 30, 1941, that all rents throughout the Dominion should not exceed the level established on October 11, 1941, with the exception of units already under control.

3.3 Rent increases were to be permitted only in special circumstances such as: 1) a substantial property tax increase; 2) the addition of a service not previously supplied; 3) substantial structural alterations; and 4) the previous existence of a low rent as an exceptional concession.

3.4 Rental administrators, who were generally appraisers, were established in 65 centres throughout the country. The task of these officials was to investigate reported cases of rental increases and generally enforce the regulation. Rent increases required the approval of a local rental committee from whom an appeal to the Administrator of Housing Rentals in Ottawa could be made.

3.5 The work of the local rental committees consisted of:

1) setting maximum rents for real property, either newly built or rented;
2) considering applications for increased rents, both commercial and residential;
3) processing applications to evict obnoxious or incompatible tenants;
4) granting eviction permits where property was to be subdivided;
5) the registration of rooming house rents.

On September 8, 1942, the controls had been extended to cover boarding home charges for room and board.

3.6 As it was found difficult to provide for proper security of tenure, this situation was rectified by an order in council effective December 10, 1943, which provided that a tenant might only be evicted by a landlord seeking to occupy the accommodation himself, providing 12 months notice was given, and if the landlord undertook to occupy the premises for at least a period of one year.

3.7 Rent control remained in effect until well after the war. It was apparently effective in curtailing rent increases but was criticized for discouraging investment in rented housing; although the restrictions imposed on the availability of building materials and labour also contributed to the latter problem.

3.8 New dwellings were exempted from rent control after January 1, 1947, and there was considerable agitation by landlords to obtain a general end to the measures. A thaw in the rent freeze finally occurred in May 1947 when a 10 per cent increase in rent was authorized for landlords willing to give a two-year lease. The federal government also let it be known at the same time that it was not enthusiastic about continuing to exercize emergency powers in a controversial field that lay within provincial jurisdiction. The government accordingly wrote to the provinces in 1948 requesting that they take over rent control

with federal financial technical assistance; however, the provincial governments indicated a lack of interest. This obliged Ottawa to extend the Continuation of Transitional Measures Act under which rent control operated, and in 1949, placated owners' demands by boosting rents for heated accommodation by 25 per cent and unheated accommodation by 20 per cent.

3.9 By 1950, Ottawa had made up its mind that, regardless of provincial opinion, federal rent controls would cease on April 30, 1951. The provinces were told that the decision and machinery to extend rent controls from then on would have to be their own. In fact, most provinces felt obliged to continue modified controls for some time to protect their tenants; although by 1954 the Financial Post survey indicated that a general phasing out was soon apparent with Ontario ending controls in 205 municipalities after March 2, 1954 and most other provinces moving in a similar direction. By the end of the 1950's, only the provinces of Québec and Newfoundland maintained a form of rent control.

Newfoundland

3.10 Since 1951, the government, under terms of the Rent Restrictions Act, has had the power to appoint boards, known as rent restrictions boards, in various parts of the province to investigate the rent complaints. These boards had the powers of a civil court, except they did not make binding orders, only recommendations, to the minister.

3.11 In 1972, however, a new landlord and tenant statute that repealed provisions of the Rent Restrictions Act was enacted by the House of Assembly. In addition to significantly reforming tenant rights in Newfoundland, the Act provided that the government could designate residential tenancies areas throughout the province. In such areas, a residential tenancies board may be established to oversee landlord

and tenant matters and consider complaints about rents.

3.12 The legislation states that among the functions of residential tenancies boards shall be the power "to review the rent charged for residential premises at the written request of a landlord or tenant, determine whether the rent be approved or varied and order that the rent be so approved...". No specific formula is suggested in the legislation concerning how rents should be fixed, but provision is made for an appeal by either party to a judge of the Newfoundland Supreme Court, or a district court, who is charged to consider the "interests of justice, equity, and fairness." On a point of law, further appeal is possible to the Supreme Court of Newfoundland.

Prince Edward Island and New Brunswick

3.13 These provinces are now in the process of up-dating their antiquated landlord and tenant legislation. At the moment, no provision for any form of rent regulation exists in either province.

Nova Scotia

3.14 Under provisions of the Residential Tenancies Act, 1970, the provincial government may designate any area in the province as being a residential tenancy area, in which case a residential tenancies board is established. Boards have been established in Cape Breton, and Halifax-Dartmouth. The Halifax-Dartmouth County Residential Tenancies Board consists of the chairman, who has been generally a barrister, and two members, one representing tenants and the other the rental industry.

3.15 The residential tenancies boards have the power to:

a) investigate and review matters affecting landlord and tenants and provide and disseminate information concerning rental practices, rights and remedies;

b) mediate disputes between landlords and tenants and give advice and direction...;

c) to investigate allegations of violation of the provision of the Act...;

d) to review the rent charged for residential premises at the request of a landlord or tenant and determine whether the rent be approved or varied;

e) to accept rent payable by a tenant and hold the same in trust pending performance by a landlord of any act the landlord is required by law to perform.

3.16 A measure of rent regulation exists in that residential tenancies boards have the power to make a binding award concerning a rent increase. Tenants are protected against eviction stemming from a complaint made to the board or some other attempt to obtain their rights.

Québec

3.17 Québec is the only Canadian province in which a comprehensive system of rent control has been maintained since the phasing out of the federal wartime measures. Rent control has operated under An Act to Promote Conciliation Between Leasees and Property Owners, passed in 1951, that provides that tenants or landlords who fail to reach an agreement on a new rent on the expiry of a lease may apply to the local rent administrator for a new rent to be fixed.

3.18 At present, the legislation is operative in approximately 70 municipalities throughout the province. A municipality may apply for coverage by the rent control program, or withdraw, upon a majority vote of its council. The controls are administered by rental administrators throughout the province and the seven-member Rental Commission acts as a court of appeal. It is necessary that the legislation be enacted anew each year by the National Assembly.

3.19 Except where specifically requested by the municipal council, the Québec legislation does not apply to dwellings for which the rent on December 1, 1962 exceeded $125 a month on the Island of Montréal and $100 a month elsewhere in the province. Municipalities may, however, apply to have controls placed on all residential properties built not later than April 30, 1968, and renting for under a specified amount.

3.20 Besides setting new rents, the Québec legislation provides for a reduction of rent or termination of lease when premises are in a state of disrepair. Tenants are provided with security of tenure and evictions are only allowed:

1) when a tenant does not pay the rent, when ordered to do so by the commission;
2) when the landlord legitimately requires the premises for himself, a close relative, or for a party that is financially dependent upon him;
3) when the tenant has engaged in or allowed immoral or illegal activities;
4) when the dwelling has become overcrowded to a serious extent;
5) when the tenant converted the premises to a rooming house without the owner's permission; and
6) when the house is acquired for public purposes.

3.21 The legislation currently says very little about how a rent should be fixed by a rental administrator when unable to get a landlord and tenant to agree at the expiry of a lease on a new rent. The

Act merely admonishes the Rental Commission to:

> establish scales for the fixing of rents according to the particular types of houses, the period when they were built, their state of maintenance and repair, their situation, their rental value in normal times, their municipal valuation, the more or less extreme scarcity of dwellings and any other circumstances conducive to the fixing of a rent that is fair and reasonable for all concerned...

3.22 In 1972, the Québec government introduced a measure, Bill 59, calculated to significantly reform the rent control system in Québec. The effect of Bill 59 as proposed would be to:

1) make the system permanent, rather than subject to annual renewal;
2) leave it to the provincial government to determine the application of the law across the provinces, additional areas being included upon petition by 50 tenants;
3) oblige landlords to register all the leases they contract, including the rents being charged;
4) allow rent increases only within certain guidelines - no increase exceeding 5 per cent per annum, even if the tenant agrees - unless the landlord has had at least 120 days in advance of the lease's expiration to apply for exemption;
5) enable a landlord to evict a tenant at the end of a lease by simply giving him a 60-day notice of his intention of not to renew the lease.
6) compel landlords to make repairs or improvements provided in the lease or by law on application to the Rental Commission. The Commission will set the date of completion of the work and may order a reduction of rent during the period. If the landlord does not meet the deadline, the Commission, upon application by the tenant, may grant an annulment of the lease or allow for the withholding of all or part of the rent. The amount withheld would be applied directly to the cost of the repairs.

7) a rent tribunal will be established to hear appeals of all decisions handed down by the Commission. It will consist of three provincial court judges located in Montréal, but empowered to sit anywhere in the province.

Bill 59 will be considered by the National Assembly in late 1972.

Ontario

3.23 There is no rent control in Ontario. The province's Landlord and Tenant Act provides that landlord and tenant advisory bureaux may be established by local municipalities at their own option. But, "advisory" is the right term; at present, they have little in the way of legal power or sanction. Their functions, generally, are to:

1) advise landlords and tenants in tenancy matters;
2) receive complaints and seek to mediate disputes between landlords and tenants;
3) disseminate information for the purpose of educating and advising landlords and tenants concerning rental practices, rights and remedies; and
4) receive and investigate complaints in contravention of legislation governing tenancies.

An appeal process does not generally exist from the decisions of these boards, except inasmuch as specific violations of landlord and tenant law may be referred to the courts.

3.24 In 1968, the Ontario Law Reform Commission considered the question of rent regulation as part of a review of landlord-tenant law. It decided that control of rents without equivalent restraints on costs would be impractical and inequitable, but recommended that a study be conducted to consider the economic factors and administrative machinery that would be necessary to enforce rent controls.

3.25 As an alternative to outright rent control, the Commission suggested that provision be made for a rent review procedure to be adopted on a local option basis in those areas of Ontario where market conditions demanded it. Rent review officers would be appointed by the landlord and tenant advisory bureaux - whose establishment was also by the Commission - and review boards would be established by municipalities.

3.26 In summary, the arrangements suggested by the Commission would be:

1) rent review officers would investigate complaints of rent increases brought forward by tenants, mediate between landlords and tenants, and recommend appropriate rent increases;
2) rent review boards would review cases in which the recommendation of the rent review officers was not accepted;
3) these boards would supply copies of their findings and recommendations to all parties concerned;
4) if landlords fail to act in accordance with the board's recommendations, the boards would inform the municipal council, providing all the relevant details, and the council would be empowered to publish this report.

These recommendations were not acted upon when the Ontario Government enacted a revised Landlord and Tenant Act in 1970.

Manitoba

3.27 Under provisions of the 1970 Landlord and Tenant Act, the provincial cabinet was empowered to establish a binding rent review system which could be administered by a provincial board appointed for this purpose. However, this section of the Act has not been implemented. A mediation function in landlord and tenants disputes has been assumed by the

Rentalsman, an official appointed by the provincial government, who has wide investigatory powers in landlord-tenant matters and the authorization to hold security deposits in the case of disputes.

Saskatchewan

3.28 In Saskatchewan, a provincial Mediation Board exists; however, landlord and tenant matters are only a small part of the board's jurisdiction. The board has no rent fixing authority and may only take action if a tenant is having difficulties in securing his rights under the provisions of the Landlord and Tenant Act.

Alberta

3.29 The 1970 amendments to Alberta's Landlord and Tenant Act provided for the establishment of landlord and tenant advisory bureaux, with responsibilities similar to Ontario's bureaux. These bodies lack the power to fix rents when mediation efforts fail.

British Columbia

3.30 Under the terms of the amended Landlord and Tenant Act, proclaimed in 1970, three elements of rent control were introduced:

1) no increase of rent or notice to increase the rent was valid if made between February 25, 1970 and April 6, 1970 (i.e., when the legislation was pending);

2) rents may not be increased during the first year of the tenancy agreement, or if the agreement is for less than one year, prior to one year from the date of the original agreement; and
3) a tenancy agreement which provides for a higher rent than that in the previous years is considered to be a new tenancy agreement; therefore the rent is frozen during the second year of the tenant's occupancy as it was during the first.

3.31 In British Columbia, legislation authorizes municipalities to establish landlord and tenant advisory bureaux, with persuasive power, but in addition they may set up rental grievance boards under provisions of the Rent Control Act, 1954. These bodies have the power to enforce and set a rent when such cannot be agreed upon between the landlord and the tenant. At the moment, rental grievance boards are only operating in two municipalities: Vancouver and Surry.